BLSA Reform Tracker

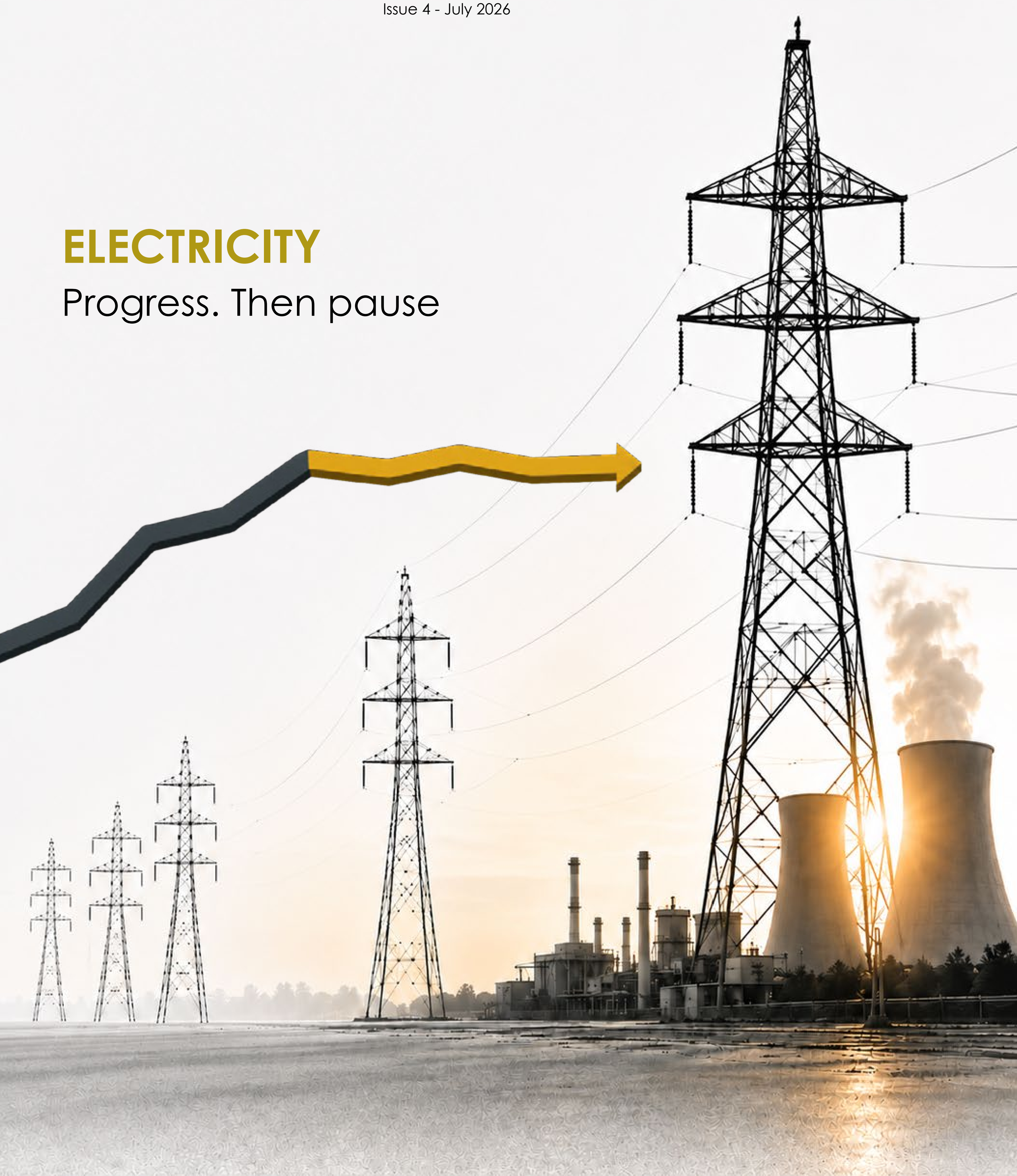
Quarterly Review

Issue 4 - July 2026

Monitoring and measuring South Africa's reforms designed to address structural inefficiencies and improve the business environment

ELECTRICITY

Progress. Then pause



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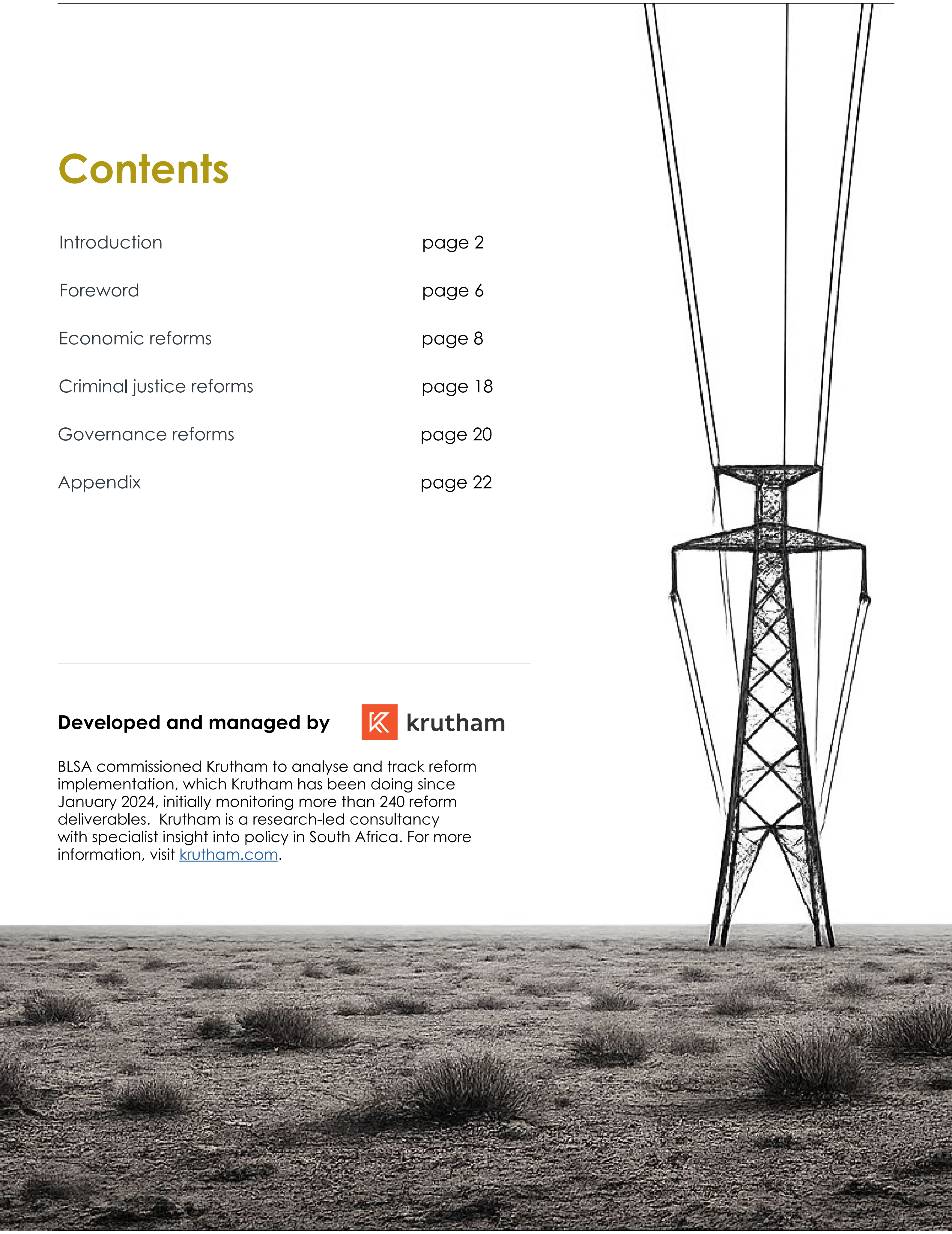
Developed and managed by krutham

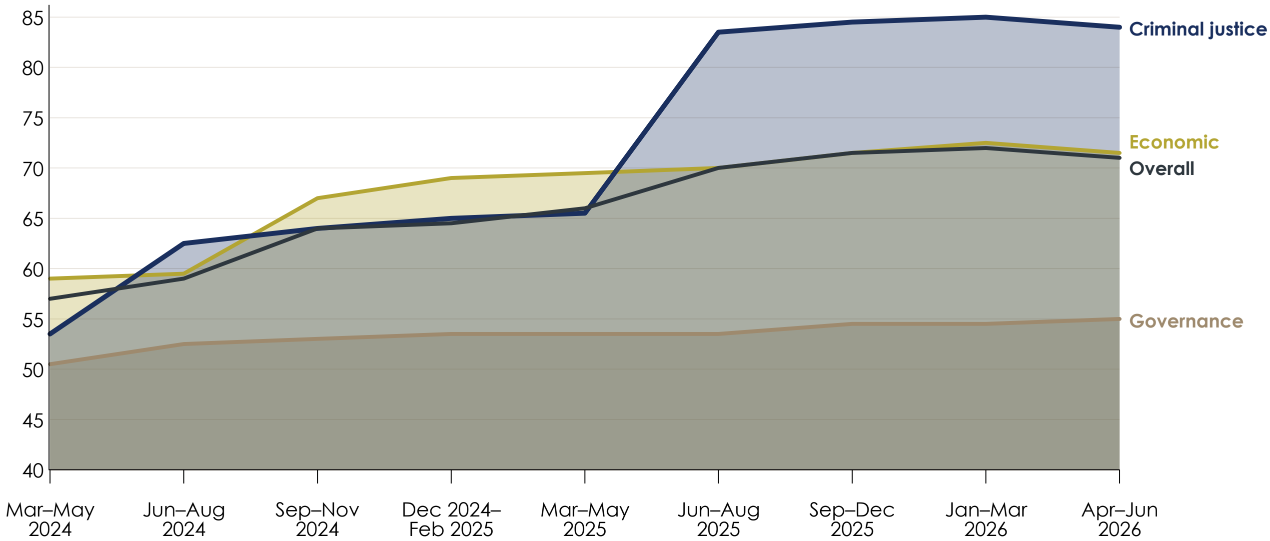
BLSA commissioned Krutham to analyse and track reform implementation, which Krutham has been doing since January 2024, initially monitoring more than 240 reform deliverables. Krutham is a research-led consultancy with specialist insight into policy in South Africa. For more information, visit krutham.com.



South Africa's reform momentum turns negative for the first time

South Africa's reform completion index eased to 71.3 in the second quarter of 2026, a -0.3 point fall from the previous quarter but still 26% above the baseline established when tracking began in March 2024. Economic reforms, which carry the largest weighting (75%), eased slightly as scores fell across several energy sector deliverables.

Main reform area completion index



The tracker uses a "completion index" rather than a "completion score". The data is indexed from one quarter to the next to account for changes in the reform basket as deliverables are completed, halted or added. This allows quarter-on-quarter movements to be compared on a like-for-like basis. Because the basket changes over time, the index measures the direction and pace of reform progress rather than progress towards a fixed 100% completion point.

Overall completion index

71.3

Down from 71.6 last quarter
▲ +26% above baseline

Category performance

Economic 75% weighting	▼ **-0.5%** 72.4 → 71.9
Criminal justice 10.6% weighting	▼ **-0.6%** 84.8 → 84.2
Governance 14.4% weighting	▲ **+1.1%** 54.4 → 55.0

Looking ahead

Q3 2026 expected milestones include gas IPP bid window 1 preferred bidders, gazetting of Network Statement Volume 4 and Eskom's push to secure 27 distribution agency agreements.

Reforms tracked

186
Deliverables

149 (80.1%) unchanged
17(9.1%) improved
20(10.8%0 declined

Positive developments

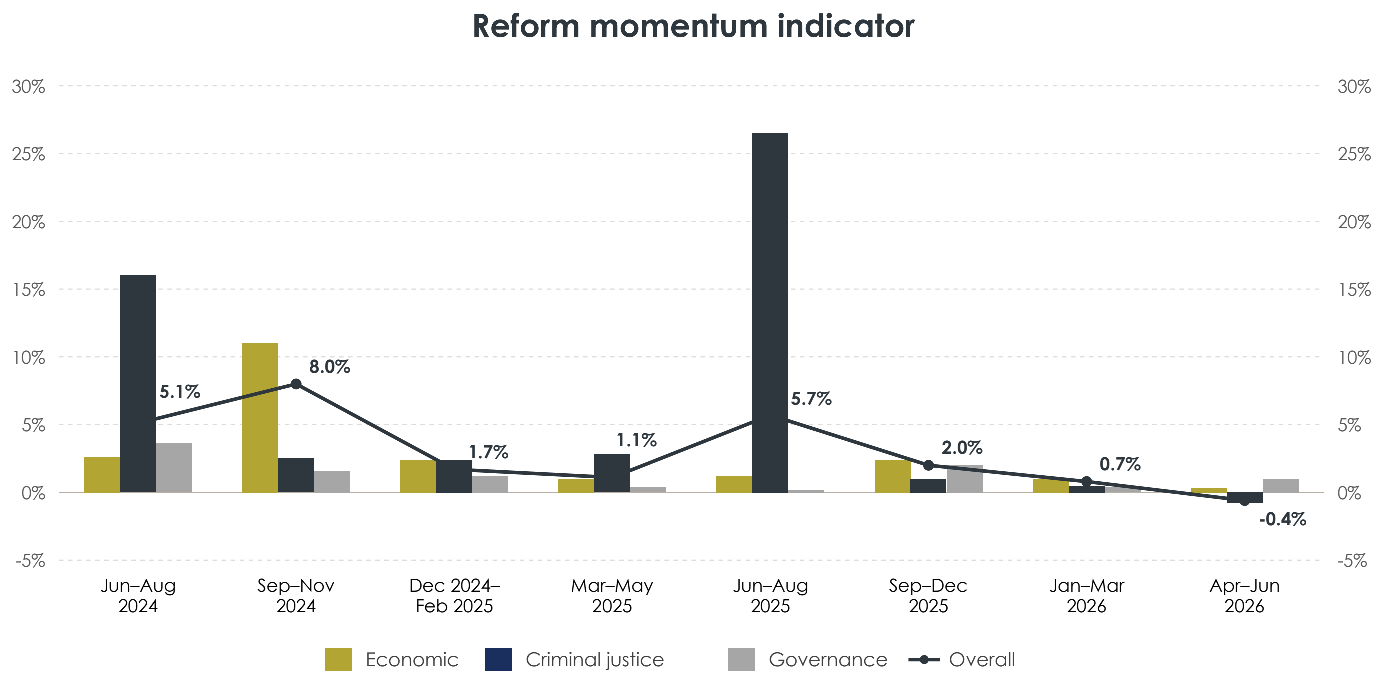
Electronic Travel Authorisation (visas)	▲ **+25pts** 65.8→ 90.75
Public Service Amendment Act (governance)	▲ **+12.5pts** 62.5 → 75

Negative developments

AI governance principles for financial institutions	▼ **-25pts** 87.5 → 62.5
Virtual wheeling protocols (electricity)	▼ **-18.75pts** 100 → 81.25

Momentum turns negative

Quarter-on-quarter momentum turned negative for the first time in the tracker's history, falling from +0.7% to -0.4%. Of the 186 like-for-like deliverables, 37 changed: 17 advanced and 20 declined. This was the first quarter in which downgrades have (narrowly) outnumbered upgrades. Individual reforms told a similar story. 104 reforms tracked, 13 advanced, 14 declined and 77 unchanged.



Criminal justice remains the strongest pillar at 84.2 and broadly preserved the gains made during the FATF reform programme. Governance was the only pillar to improve this quarter, rising from 54.4 to 55.0, although it remains the weakest of the three main reform categories.

The reform universe also changed. A new transport reform area covering the Road Accident Fund and a new Synthetic Financial Centre reform were added to the tracker, while twelve deliverables were retired.

Electricity

The electricity reform area index fell 1.7%, from 69.0 to 67.8, despite a continued improvement in Eskom's operational performance. Eskom now forecasts no load shedding this winter and surpluses above 5GW, owing to improved plant reliability and reduced demand.

The improved supply position has, however, been accompanied by more aggressive curtailment of renewable independent power producers. A backlog of approximately R2bn in curtailment compensation payments has emerged, with some producers facing revenue shortfalls of about 9%. Virtual wheeling protocols fell 18.75 points this quarter. The platform remains under development, while delays in finalising the trading rules continue to prevent electricity traders from participating.

Municipal debt to Eskom has exceeded R114bn. Distribution agency agreements may provide some immediate relief but they remain a stop gap rather than a structural solution to the underlying financial and governance problems in municipal electricity distribution.

Transmission infrastructure delivery also remained behind schedule. Eskom completed 270.8km of transmission lines against its 2025/26 target of 423km, while the South African Wholesale Electricity Market (Sawem) and the independent Transmission System Operator (TSO) face tight and increasingly at-risk implementation timelines.

Other economic reforms

Across 139 like-for-like deliverables in 15 reform areas, 33 changed – 14 advanced and 19 declined – and 106 were unchanged. Visas and other infrastructure were the only reform areas to record material gains, while several climate, spatial and other energy reforms declined.

The visas reform-area index rose from 83.4 to 85.8, an increase of 2.9%. This was driven by progress on the Electronic Travel Authorisation system, which recorded the quarter's largest positive deliverable movement, rising approximately 25 points from 65.8 to 90.75. Other infrastructure rose from 75.0 to 80.0, an increase of 6.7%, following progress in the digitalisation of the Deeds Office.

Climate and environment fell from 87.5 to 81.25 (-7.1%) after government missed its June deadline to release the carbon budget regulations. Addressing spatial inequality fell from 63.5 to 60.5 (-4.8%), after the June target to develop an asset registry and dashboard identifying priority land and properties for release was missed. Other energy fell from 62.5 to 60.0 (-4.0%) after the April 2026 deadline for publishing draft regulations under the Upstream Petroleum Resources Development Act was missed.

The new Synthetic Financial Centre reform entered the tracker with an index value of 31.25. Although the initiative was endorsed in the February Budget, it is not yet operational, and the South African Reserve Bank (SARB) has postponed the publication of its standalone draft directive. Freight logistics dipped from 69.9 to 69.6 (-0.3%), despite a burst of procurement activity: 11 rail access agreements were signed and Durban Pier 2 reached financial close.

The reform area index fell overall because broader reforms and unresolved bankability concerns continue to stall. The National Rail Bill was not tabled, while access to rolling stock remains a constraint. The release of the rolling-stock LeaseCo request for proposals on 22 June 2026 was, however, a positive development.

After the quarter ended, Transnet Rail Infrastructure Manager released a draft of Volume 4 of the Network Statement and updated rail-access agreements on 3 July. These developments are not reflected in the quarter's scores. Among other changes, the draft allows cargo owners, as well as train-operating companies, to enter into access agreements.

Criminal justice reforms

Criminal justice reforms had a quiet quarter, broadly preserving the gains achieved during the FATF reform programme. Of the 10 individual reforms tracked across seven reform areas, one advanced, one declined and eight were unchanged.

The Extradition Bill deliverable rose from 62.5 to 65 after the bill was introduced in Parliament on 19 May 2026. It is intended to replace the Extradition Act of 1962. The corruption reform area index fell 4.4%. Whistleblowing protection remained unchanged at 62.5. The draft Protected Disclosures Bill was published for public comment in April, with the comment period closing on 14 May, but no score movement was recorded because the department is still reviewing submissions before the bill is tabled.

The recommendation arising from the Zondo Commission to establish a Standing Appointment and Oversight Committee declined from 37.5 to 25. Government has chosen a different approach, arguing that the National State Enterprises Bill of 2024 addresses the governance problems that the proposed committee was intended to resolve.

Governance reforms

Governance was the only main reform pillar to advance during the quarter. Of the 15 individual reforms tracked across seven reform areas, two advanced, none declined and 13 were unchanged. Public services rose 2.6% and local government increased 1.7%, while the remaining reform areas were unchanged.

The Public Service Amendment Act rose from 62.5 to 75 (+20%) after the legislation was enacted on 1 April 2026 alongside the Public Administration Management Amendment Act. The White Paper on Local Government deliverable increased from 62.5 to 69 (+6.5 points) after the Department of Cooperative Governance and Traditional Affairs gazetted the draft revised white paper for public comment in May 2026. It is the first major revision of the policy framework since 1998, with the final policy expected in July or August.

Looking ahead – Q3 2026 milestones

Expected deliverables

- Preferred bidders for gas IPP bid window 1 are expected to be announced in August 2026.
- National Rail Master Plan consultation ends in September, feeding into the final strategy document.
- Network Statement Volume 4: draft released 3 July; gazetting targeted for end-July, though mid-August is more likely.
- The National Rail Bill is targeted for submission to Cabinet in September 2026, having already been delayed three or four times.
- Eskom is working to secure 27 distribution agency agreements by September 2026, with trading rules to be finalised.
- The TSO implementation plan is expected to be developed by the transaction adviser during the third quarter.
- Operation Vulindlela's Q1 2026/27 progress report, covering the housing pilot, deeds backlog analysis and land asset registry, is due around October 2026.

Overdue and delayed deliverables

- SARB's standalone Synthetic Financial Centre directive was postponed from the end of May 2026, with no revised date provided.
- Delays are expected in establishing the Independent Transmission Project credit guarantee vehicle ahead of the Q3 2026 request for proposals deadline.
- Government's roadmap for the independent Transmission System Operator has still not been published.

A word from BLSA CEO Busisiwe Mavuso

Since the Tracker began measuring reform progress in March 2024, the completion index has climbed every quarter, but now that run has ended. Momentum has slackened off for two quarters running, and this quarter the index itself reversed for the first time, from 71.6 to 71.3. Full details are outlined in this quarterly bulletin but to name a few: virtual wheeling implementation fell nearly 19 points as deadlines were missed for new trading rules; a R2bn curtailment backlog built up against renewable IPPs; municipal debt to Eskom breached R114bn; the National Rail Bill remains untabled; and Transnet still runs the very procurement processes it is meant to use to open up the network.

These developments reinforce what we flagged last quarter: both Eskom and Transnet, state-owned monopolies that are required to give up power, are slowing the pace at which reforms are implemented, and in some cases seemingly actively working to reverse them. In Eskom's case, it and the Department of Electricity and Energy tried to structure the unbundling to keep transmission inside Eskom – in tension with Section 34A of the Electricity Regulation Amendment Act, which requires the independent operator to control the network. Government, as Eskom's sole shareholder, had to step in at the presidential level to correct it.

I'm pleased to say that Transnet, in other reform areas, has been pushing ahead strongly and BLSA gives the SOE full credit for that. On 3 July, Transnet's Rail Infrastructure Manager published Volume 4 of the Network Statement – too late to count in this quarter's scores, but an important document nonetheless since it allows cargo owners, not just licensed train operators, to secure rail capacity directly, and gives lenders real comfort for the first time through step-in rights if a borrower defaults.

Transnet also signed rail access agreements with all 11 newly qualified train operators, taking the Durban Pier 2 concession to financial close and pushing a dozen siding and branch-line concessions to market, opening real room for private capital to be invested into the network.

> The same referee-and-player tension persists: incumbent monopolies still shape the processes meant to open their markets to competition.

Transnet still designs and runs the very processes meant to open its network to competition, and operators are locking in commercial terms against tariffs Transnet itself set, before the Transport Economic Regulator (TER) is operational.

The operationalisation of the regulator has been delayed several times. A drafting error in the founding Economic Regulation of Transport Act 2024 referenced an outdated version of the bill, forcing Parliament to pass a corrective amendment – only signed in early March 2026. The regulator's core powers commenced on 1 April 2026 and its board, only confirmed in October 2025 after an earlier attempt collapsed, still lacks a chief executive, an executive team and price-control methodology.

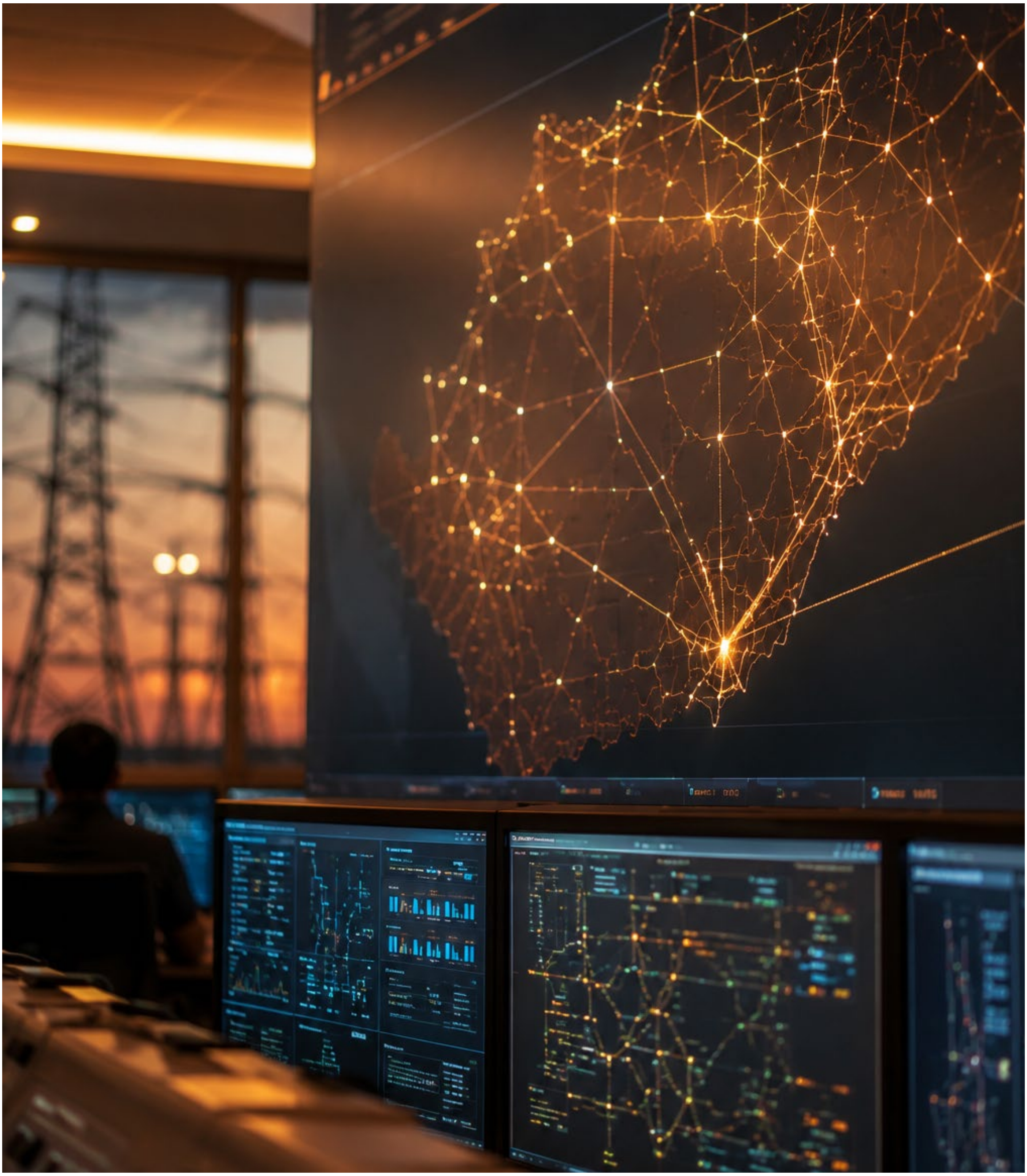
More importantly, its eventual jurisdiction over Transnet (freight rail and ports) outlined in the act is ambiguous: it does not clearly state whether the regulator's powers extend to port facilities and port terminal operations, or only to the underlying transport infrastructure.

In Eskom's case, apart from resisting unbundling, it is also slowing reform in ways that show up in the numbers we track every quarter. Curtailment is one example: it happens when the system operator instructs independent power producers (IPPs) to reduce or stop feeding electricity into the grid, usually because supply exceeds what the grid can absorb at that time. With Eskom now forecasting no load shedding this winter and surpluses above 5GW, curtailment of renewable independent power producers has become increasingly aggressive.

The problem is that the National Transmission Company South Africa – an Eskom subsidiary – is not paying the IPPs' compensation on time. A R2bn backlog in curtailment payments has built up, leaving some IPPs facing revenue shortfalls of around 9%. The NTCSA is required to reimburse contracted IPPs that follow instructions to reduce their energy output to maintain system stability.

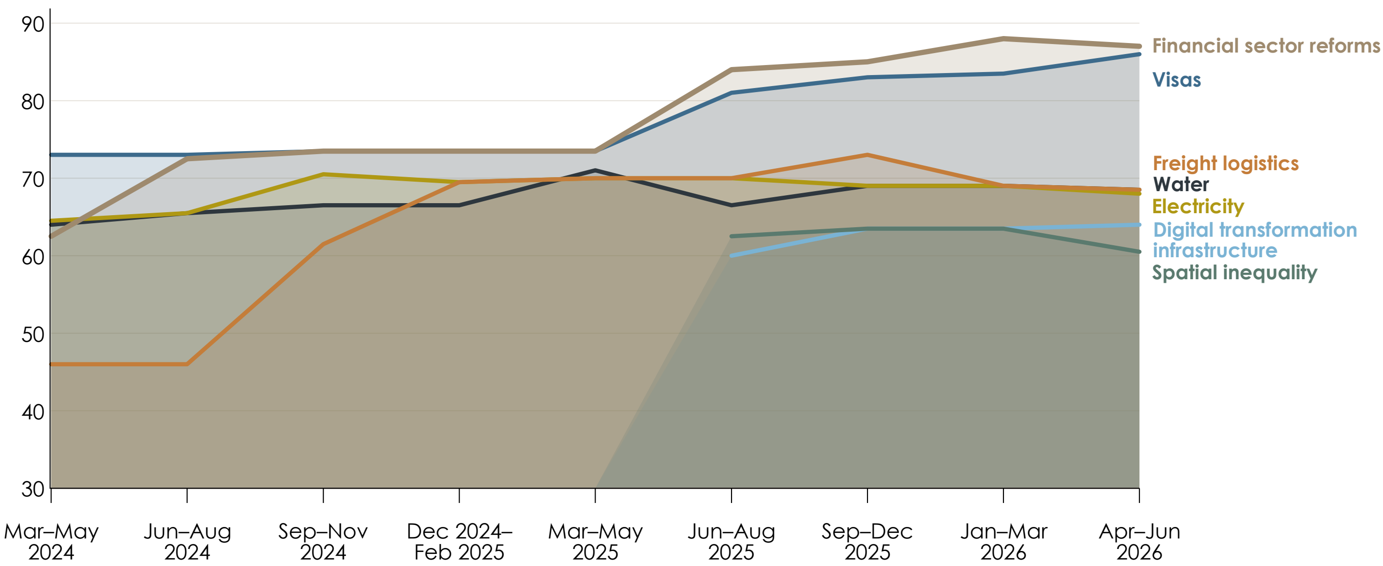
But if IPPs and their financiers can't rely on being paid promptly when curtailed, the next wave of private investment the country needs becomes harder to raise or more expensive to finance. Unreliable payment on curtailment quietly protects the position Eskom already holds, at the cost of developing a competitive market.

The pattern repeats elsewhere. Enforcement of Nersa's Grid Capacity Allocation Rules, meant to guarantee fair access to the grid, remains inconsistent, with industry bodies raising concerns about non-compliance by Eskom Distribution – the division in which the grid access unit resides. On the wholesale electricity market, Eskom's own distribution, generation and regulation divisions have called for the market code to be reworked and have threatened a judicial review if their objections aren't met – a step that would delay a reform years in the making. There are also early concerns that the wholesale pricing and vesting contracts frameworks now being consulted on may end up entrenching Eskom's position rather than levelling the field for new entrants. The vesting contracts frameworks are supposed to provide a financial hedge for Eskom power stations during the transition to an open market, while also preventing Eskom from exercising market dominance that would harm liquidity.



Economic reforms

Economic reform completion scores



Freight logistics

After a busy Q2 for South Africa's broader logistics reform space, Transnet published the long-awaited draft Network Statement Volume 4 (V4) in the early days of Q3. This followed the signing of 11 rail access agreements (RAAs) with train operating companies (TOCs) and the National Rail Master Plan (NRMP) going to consultation. Yet on the reforms that matter most for the broader economy, progress remains partial.

Transnet's Rail Infrastructure Manager (TRIM) published V4 of the Network Statement in the early morning of 3 July (it is therefore not reflected in the scoring for the April-June quarter), having originally been scheduled for publication at end-2025, then postponed to end-April. Its publication opens a month-long consultation ahead of an end-July gazetting. The Network Statement turns the 11 TOCs' slot allocations into a bookable, tariffed 2026/27 timetable, which the TOCs need for investment planning and safety permitting.

V4 addresses a core concern raised on earlier drafts: until now, only a licensed train operator could hold rail access. V4 changes that by letting a cargo owner secure the right to use rail capacity and then hire an operator, making room for investors and new entrants who want to participate without becoming train operators themselves. The updated RAA also gives lenders some comfort for the first time: they can enter into a direct agreement with the infrastructure manager, step in if a borrower defaults, and take capacity as security.

Progress on the National Rail Bill, by contrast, has not moved. The bill was meant to be an early enabler of reform, codifying third-party access and the new institutional structure, following swiftly after the 2022 White Paper on National Rail Policy, with a draft already circulating in 2021. Instead, priority shifted to the Railway Safety Bill and economic regulation legislation, then to the Network Statement and draft NRMP. Now targeted for Cabinet submission by September 2026, it has slipped three to four times over roughly four years.

Yet we did see a burst of procurement activity in Q2 2026. In rail alone, TRIM and Transnet issued at least four distinct instruments covering sidings, station precincts, a full secondary line concession and rolling stock leasing, while the Transnet National Ports Authority (TNPA) advanced the Cape Town liquid bulk terminal to formal bid stage.

Beneath this, rolling stock availability issues emerged which, despite plans in place, could undermine private rail volumes and the future of third-party rail access. TRIM's briefing to Parliament's transport portfolio committee on 9 June indicated that slot capacity on the network is nearing its limit, while a procurement issue caused Transnet to withdraw suppliers and stall vital rail track maintenance.

Regulatory architecture

Cabinet approved the NRMP for public consultation on 1 April and Minister Barbara Creecy launched Gauteng consultations on 23 April. The NRMP diagnoses the network as twice the size the economy needs, with freight volumes having fallen from 226Mt in 2017/18 to 150Mt in 2022/23. It organises the future freight network into three segments: private pit-to-port concessions on the two mineral export corridors (iron ore and coal); a new standard-gauge heavy intermodal network on the Gauteng–Durban, Cape Town and Gqeberha corridors to capture high-value containerised freight; and the existing Cape-gauge core network where the current TOCs and siding concession programme operate. Provincial engagements run until September, after which the plan returns to Cabinet for final approval.

Where the NRMP falls short is that it does not fix the bankability issues with Transnet's procurement, such as equity structures, risk allocation and procurement independence – issues we've raised before.

> The NRMP identifies a R1.9tn investment requirement with no financial architecture behind it, remained silent on the 50/50 equity baseline that financiers have rejected in live requests for proposals, and did not require Network Statement Volume 4 to be published by a specific date.

It's also important to understand that the NRMP is a strategy, not a legal instrument. The National Rail Bill – needed to provide open access and give the Transport Economic Regulator and infrastructure separation enforceable legal force – was not tabled during the quarter. None of this has moved since Q1.

Nor is there any more clarity this quarter on the standalone private sector participation (PSP) unit than there was last quarter. However, Creecy's R102bn budget vote speech confirmed that the TER would be established in the current financial year. But a timing problem surfaced: all 11 train operating companies were simultaneously negotiating access agreements and building their commercial models against tariffs Transnet published in December 2024. Commercial terms risk being locked in before the regulator that should govern them becomes operational, with limited scope for revision once long-term agreements are signed.

New market entrants in rail

TRIM published the names of the 11 TOCs in mid-May, changing the one-man band rail network to 12 operators, together with Transnet Freight Rail (TFR). TRIM concluded RAAs with all 11 by the end of the quarter and projects that the added capacity will move 24Mt of additional volumes.

Several constraints could limit what RAAs can deliver. One example is rolling stock. TRIM's leasing company (LeaseCo) was structured to ringfence 500 locomotives and 17,000 wagons for TOC use – and on 20 June, Transnet issued an RFP to the two shortlisted bidders to establish LeaseCo as a commercial entity. But 216 of the 481 CRRC locomotives contracted under the 2014 procurement deal remain out of service after the Chinese state-owned rolling stock manufacturer withheld spare parts. Courts ordered the release of parts; only one of 48 contracted repairs had been delivered by the time the RAAs were signed. Wagon demand was already reportedly exceeding supply.

> Until the leasing pool reflects its intended size, the projected 24Mt of additional annual freight capacity is speculative rather than secured.

A further constraint sits in how capacity itself is allocated. TRIM awards train paths route by route against criteria set out in V4 of the Network Statement – existing contracts first, then market-based, cost-based and congested-network tests – with little consideration of whether the paths awarded form a viable business. The 11 newly qualified TOCs received scattered coal, manganese, container, fuel and general freight paths rather than a coherent footprint. The RAA, pricing paths individually, does not correct this and with capacity nearing its ceiling, there is little room to fix this.

Briefing Parliament's transport committee in June, TRIM's chief executive, Moshe Motlohi, disclosed that slot capacity is nearing its ceiling, with little room for new entrants beyond the current 12 operators. The volume picture reinforced the concern: TRIM projected 168Mt for 2025/26 – below the 180Mt target – and general freight slipped from 41Mt to 39.8Mt. Transnet CEO Michelle Phillips conceded that the 250Mt target for 2029 is unlikely.

Overlooked rail concessions

Q2 saw a concentrated burst of overlooked rail infrastructure procurement that will be vital for logistics reform, specifically last-mile delivery. TRIM issued nine further siding lease RFPs in April, building on the three issued in March, bringing the total siding facilities out to tender across the first half of 2026 to at least 12 – including a platinum belt cluster (Marikana, Rustenburg, Krugersdorp, Bela Bela). In May, TRIM issued an RFP for a 25-year concession of the B-Network line from Wolseley (Western Cape) to Port Alfred Hamlet (Eastern Cape) – the first full secondary line concession of the reform era.

V4 of the Network Statement shows how these pieces shift together. It formalises sidings as a standalone leasing category, separate from core network access – turning what was an ad hoc arrangement into a defined commercial stream. Its B-network chapter sets out the procurement or disposal pipeline Transnet followed before the Wolseley concession went to market, including who carries rehabilitation risk on unfunded lines.

The more interesting shift though is that V4 also extends formal access-seeker status to cargo owners, not just TOCs – closing a gap in earlier versions that excluded the very bulk shippers most likely to want direct control of assets such as a platinum-belt siding.

> This reframes the siding cluster as a potential entry point for mining houses to bypass operator intermediaries and lease last-mile infrastructure directly.

Port concessions

The Durban Container Terminal Pier 2 concession reached financial close during the quarter, with planned capacity increasing from 2 million to 2.8 million TEUs (20-foot equivalent units). Creecy confirmed this in her May budget vote speech alongside broader port performance data: vessel arrivals rose 9% year on year to 8,630, container volumes increased 7.1% and automotive volumes rose 13.3%.

The TNPA launched an RFP in May for a private operator to take over the Cape Town petroleum liquid bulk terminal on a 25-year concession. The terminal handles marine bunkering and its underperformance meant South Africa missed the bunkering windfall when vessels rerouted via the Cape during the 2024 Red Sea crisis. With the Strait of Hormuz also under pressure through the quarter, the strategic case for a functioning Cape Town terminal was acute. The concession includes a 42-month fee ramp-up and a "finance direct agreement" giving lenders a contractual relationship with the TNPA.

> These are sensible bankability features – but the absence of a revenue floor will narrow the field to well-capitalised operators able to absorb revenue uncertainty from their own balance sheets.

Separately, at the Saldanha Iron Ore Terminal, Transnet Port Terminals began testing and commissioning Tippler 3 in June, with handover expected in September. The R4bn project – six years behind its original schedule – delivered new conveyors, heavy-haul rail links and a new Eskom substation. The terminal handles 96% of South Africa's iron ore exports.

> The bottleneck, however, sits 861km upstream: the Sishen iron ore rail line delivered only 84% of Kumba Iron Ore's contracted volumes in 2025, and the Ore Users Forum is now pressing for an integrated corridor concession to address it.

The TNPA's own structural separation moved forward alongside this: Mohammed Abdool was confirmed as chief executive from 1 May, and the TNPA issued an RFP for a three-month review of its treasury requirements as a standalone entity. Both section 3 (subsidiary) and section 4 (public company) incorporation options under the National Ports Act remain live, alongside Transnet's parallel Public Finance Management Act (PFMA) pre-notification for TRIM as a subsidiary.

Outlook

Q3 2026 has four gates that will determine whether this quarter's transaction volume translates into durable reform. The Network Statement Volume 4 was vital to validate the rail access agreements and for LeaseCo to underpin the rolling stock pipeline that TOCs need. The Richards Bay Dry Bulk Terminal RFQ closes in August, after which an RFP should promptly follow to maintain investor confidence. The Cape Town liquid bulk terminal bid process closes in September, testing whether the concession's bankability features attract genuine competition. Finally, the National Rail Bill needs to be tabled in Parliament. The NRMP is a strategy, not a legal instrument and open access, the Transport Economic Regulator and structural separation require enforceable legislative force before commercial terms harden into long-term agreements that regulators cannot subsequently revise.

Energy

While reforms continue to advance, problems are becoming increasingly evident as the pace of reform implementation has been too slow compared with the pace of change in the demand and supply of private power. The legacy system is, put simply, colliding with the new emergent system. Such a period is potentially messy and requires very clear communication, political and policy intent from government, as well as clarity and a steady hand from regulators and both public and private sector leaders.

The severity of the impact of grid constraints on achieving the objectives of a competitive electricity market has become more apparent in the last quarter. At the forefront of the challenges is an oversupply of power – so much so that Eskom forecasts no load shedding in the year ahead owing to its improved plant reliability. It expects power surpluses of more than 5GW over the winter period. However, much of this can be attributed to reduced demand for Eskom power. The situation has seen increasingly aggressive curtailment of generators (specifically renewable energy independent power producers) to maintain system stability.

The need for curtailment will escalate with the commencement of operations of more renewables that have been under construction, and because of Eskom's intentions to delay decommissioning of coal power stations, which will harm the investment case for IPPs.

Poor planning and implementation by the National Transmission Company South Africa (NTCSA) and distribution system operators have already seen a backlog in R2bn compensation payments to IPPs for implementing curtailment. Media reports indicate that some IPPs face a revenue shortfall of 9% below budget, posing bankability risks for future private projects – which further entrenches Eskom's monopoly.

> Overall, this was a foreseeable problem that the regulator and government should have been addressing.

At present, there is neither a functioning market nor a settled merit order for dispatch. When supply and demand are out of balance, the system operator instructs plants to increase or reduce output. A merit order should ensure that the lowest-cost power is dispatched first. This again reinforces the urgency of completing the reforms.

Grid constraints also continue to delay the majority of bid window 6 and 7 projects of the Renewable Energy Independent Power Producers Procurement Programme in reaching financial close.

> Subsequently, the long-awaited bid window 8 is unlikely to materialise into production before 2030.

For the private sector, fair grid access remains a concern. Although the National Energy Regulator of South Africa (Nersa)'s Grid Capacity Allocation Rules are in place, their enforcement by network service providers (Eskom Distribution) remains in question, undermining the objectives of fair grid access the rules seek to achieve.

The establishment of the independent Transmission System Operator (TSO) with transmission asset ownership remains a key reform in addressing grid constraints by enabling investment in transmission infrastructure and ensuring non-discriminatory grid access.

These and other reforms critical for achieving a competitive electricity market are unpacked below.

Transmission and grid access

The NTCSA fell short of its target to roll out 423km of new transmission lines in the financial year to end-March 2026. It managed to roll out only 270.8km, citing challenges in securing servitudes, land encroachment and declining local construction capacity. Resolving these issues won't be a quick fix: the rollout must be bolstered by an average of 800km a year to 1,450km to achieve the Transmission Development Plan (TDP) target of 14,500km by 2034.

The Independent Transmission Project (ITP) procurement programme aimed at supplementing the NTCSA's transmission build faces its own challenges, with delays expected in the finalisation of the credit guarantee vehicle needed to ensure the bankability of projects. We understand that there is work underway in different quarters to find backup solutions if the credit guarantee vehicle can't be finalised by the third quarter, when the request for proposal documents are due.

To deal with grid constraints in the interim, the Grid Capacity Allocation Rules approved by Nersa are still in the process of being enforced. As such, there have been concerns raised by industry players, such as the South African Independent Power Producers Association, about non-compliance by Eskom. It speaks to the need for more capacity within Nersa to monitor and ensure compliance with its rules.

These challenges point to the importance of moving forward with the establishment of the independent TSO that owns and controls transmission assets, separate from Eskom. An unanswered question is the future sustainability of Eskom's balance sheet once the transmission assets are unbundled. This is a key concern for bondholders and should be addressed in the second phase, where an implementation plan will be developed by a transaction adviser over the next quarter.

Sawem

In the past quarter, Nersa moved forward with key regulatory processes to support the launch of the SA Wholesale Electricity Market (Sawem) in Q3 2026, but it remains a tight deadline to meet. The public consultation process for the market code has kicked off, with the deadline for written comments being extended to 22 June. The public hearing took place on 1 July, and while the NTCSA conducted extensive consultations in the drafting of the code, the remaining Eskom divisions (distribution, generation and regulation) have called for a reworking of the market code, and to address several legal issues, or it would lodge a judicial review. A judicial review would be another attempt to delay reform – the code is critical to the launch of Sawem and ensuring it functions in a way that supports fair competition.

The timelines for other regulatory frameworks have subsequently been pushed out to accommodate the delay in the market code public consultation. These include the wholesale electricity pricing methodology and vesting contracts framework, also critical to supporting a competitive Sawem. However, there are already concerns that the documents favour Eskom's monopoly.

> The public consultation process should be an opportunity for stakeholders to propose solutions that Nersa can consider in the final drafts. These are complex matters and further delays are likely in the finalisation of these frameworks.

On a positive note, the NTCSA will also prioritise compliance with the market operator licence conditions that were finally approved by Nersa in May 2026, six months after the licence was issued. The conditions ensure that the market operator (within the NTCSA) will remain independent of the rest of the Eskom group until a fully independent TSO is established. In the next quarter, the government should publish a clear roadmap highlighting key milestones and timelines to achieve the independent TSO, which would likely be informed by recommendations of the Eskom Restructuring Task Team, appointed by the President in February. The Presidency has been clear that this will be done in a way that protects creditors as well as making sure the existing holding company balance sheet is no worse off.

> Municipalities

Municipal debt owed to Eskom has breached R114bn, with government prioritising distribution agency agreements (DAAs) as a primary intervention. The DAAs are an interim solution and will see Eskom manage the electricity service delivery, billing and collections on behalf of the municipalities, which will retain their electricity reticulation licences.

Eskom's other tool is to impose power interruptions. These will have devastating economic impacts, especially in metros like the City of Johannesburg, which is one of the biggest problem areas with unpaid debt to Eskom of R5.28bn. Eskom notified the City of Johannesburg and City Power of its intention to reduce, interrupt or terminate electricity supply to certain bulk points. The City of Johannesburg has since resolved to enter into a DAA with Eskom but a deal has yet to be reached as of mid-June.

Eskom is working to secure 27 DAAs by September. It has three in operation and one of these is under judicial review. The South African Local Government Association continues to see the DAAs as a backdoor takeover of municipal market share by Eskom Distribution.

> The DAAs are a mere band-aid, and do not address the structural weaknesses in municipalities that are driving up debt.

What is needed is Electricity Distribution Industry reform, with structured pathways, international benchmarks and sequenced interventions to drive the sustainability of municipalities. The draft paper was meant to be released for public comment by the Department of Electricity and Energy (DoEE) in June, according to Operation Vulindlela's timelines. But it has taken a backseat in favour of DAAs.

> Gas IPPs

Despite concerns of delay, the first bid window of the Gas Independent Power Producer Procurement Programme has finally resulted in bid submissions (after being extended three times since 2023).

> But the bid response was thin, with only four projects with a capacity of 2,830MW submitted.

Preferred bidders will have to be named in August, and then the next test will be achieving financial close by 2027, which will not be smooth sailing.

One of the problems to overcome in making this bid window materialise is gas supply, and infrastructure to transport gas to power stations will take time to develop. In this regard, Zululand Energy Terminal (ZET) in June 2026 signed heads of agreement (HOA) with ExxonMobil SA, which would be a future supplier of liquefied natural gas (LNG) to the terminal in Richards Bay. It also signed a HOA with Eskom for its planned 3GW gas-to-power plant, which still needs environmental authorisation. Ideally the ZET would provide gas supply for Eskom and the gas IPPs. The HOAs were followed by the ZET launching an expression-of-interest (EOI) for engineering, procurement and construction contractors. This process is necessary to test the market for capacity to take forward the terminal development ambitions, and more clarity will be provided next quarter.

The HOA and EOI processes signal intent, but do not necessarily lower all risks to gas development. Another challenge is supply chain constraints. Gas turbine lead times are three to four years, affecting commissioning timelines. It is doubtful that any gas projects would be operational before 2030, when government expects 6GW of gas-to-power to be online, as indicated in the Integrated Resources Plan (IRP) 2025.

Apart from fuel supply and logistics, environmental authorisations and possible litigation are other risks to the procurement round that need to be managed.

OV2.0 and the affordable housing agenda

Compared with freight logistics and energy reforms, Operation Vulindlela 2.0 (OV2.0)'s affordable housing priorities attract far less attention – which may explain why similar commitments recur across successive progress reports with limited accountability. Q2 2026 brought incremental movement on housing subsidies and land release, a significant legislative development in the Prevention of Illegal Eviction from and Unlawful Occupation of Land Amendment Bill and – most substantially – the release of the draft National Rail Master Plan (NRMP) for public comment.

The NRMP and spatial inequality

The draft NRMP is the most significant spatial inequality development of the quarter – and the least recognised as such. Its relevance operates on three levels.

First, the plan explicitly backs the devolution of urban passenger rail to metropolitan municipalities, including Cape Town's bid to manage Metrorail, and lists the Gauteng and eThekwini networks for eventual devolution under a national strategy still to be developed. It proposes new interchange hubs, independently operating lines and private operator concessions for Gauteng, Cape Town and eThekwini. Cape Town's reconfigured network alone is projected to produce a sixfold increase in boardings by 2052. This is the first time devolution has been embedded in a long-term rail plan with Cabinet backing.

Second, the NRMP identifies station precincts and rail reserves as assets for transit-oriented development (TOD) and land value capture. Globally comparable systems earn 30-46% of revenue from real estate; Prasa earns 2.9%. The plan proposes joint station and reserve developments as a mechanism for cross-subsidising services and generating affordable housing near transit nodes.

Third, the NRMP proposes that subsidies progressively shift towards direct, user-targeted support, with transport expenditure for essential travel not exceeding 10% of household income. This is the most concrete poverty-targeting formulation in any transport policy document published this year. None of these commitments are enforceable until the National Rail Bill is tabled, but as a statement of direction, the NRMP is the most spatially transformative document in the OV agenda this quarter.

PIE Amendment Bill

The Prevention of Illegal Eviction from and Unlawful Occupation of Land (PIE) Amendment Bill, gazetted for public comment on 16 April 2026, is the quarter's most substantive legislative development. Key proposals include criminalising the incitement of land invasions (a fine of up to R2m or two years' imprisonment), expanding courts' eviction powers and enabling municipalities to apply for urgent interdicts.

The comment period closed on 16 June and the Department of Human Settlements (DHS) intends to return to Cabinet with a revised bill in July 2026. This is not a direct supply instrument, but land invasions disrupt projects at the site-preparation stage and raise the cost of private investment in affordable housing.

Title deeds: incremental, not systemic

DHS set a target of 21,918 title deeds for 2026/27. The target covers both the backlog of completed houses for which title deeds have not yet been issued and the registration of title deeds for newly completed units. Handover events will continue this quarter. The more consequential development is methodological: analysis of deeds data to size and sequence the backlog was nearing completion at end-March 2026, with June 2026 as the target for finalising this work and resolving legislative constraints to township proclamation. Whether this was completed will only be confirmed in the Q1 2026/27 OV report. The backlog remains unquantified in any published document.

The demand-side pivot: still unfinished

The OV Q4 progress report confirmed that two housing pilots – a demand-side subsidy and a capital subsidy for affordable housing – were in development with selected provinces and metros, targeting June 2026 for implementation. However, no gazette notice or formal announcement had been published as of late June. Government social media posts confirmed the pilots remained on track, but without a published design the commitment is unverifiable.

Land release: audit complete, registry absent

The Department of Public Works and Infrastructure completed its audit of publicly owned land and buildings in Q4 2025/26, with June 2026 set as the target for an asset registry and dashboard. No published registry was identified by the end of the review window. A model approach for releasing public land is in development, targeting two to three priority properties in the coming year. The sequencing problem persists: the model is still being developed while housing demand is immediate.

What next?

The NRMP's path to final Cabinet approval is the primary watch item for Q3. A signed-off plan will lock in the devolution framework for Cape Town and set timelines for Gauteng and eThekwini – the most consequential passenger rail governance decision in years. Three OV June targets – the housing pilot launch, the deeds backlog analysis and the land asset registry – will be tested in the Q1 2026/27 progress report due around October. The Prevention of Illegal Eviction from and Unlawful Occupation of Land Amendment Bill's July Cabinet return will show whether the criminalisation provisions survive scrutiny.

Road Accident Fund

This is a new reform, added this quarter, to address the insolvent Road Accident Fund (RAF). The Department of Transport intends to introduce the Road Accident Benefit Scheme (Rabs) Bill to Parliament in 2026. Rabs would replace the RAF entirely, shifting from the current fault-based system to a no-fault scheme with defined, structured benefits.

Under the current fault-based system, an injured person must prove that someone else's negligence caused the accident before they can claim compensation – and if successful, receives a once-off lump sum.

> Under Rabs, fault would be irrelevant: any road accident victim could claim, regardless of who caused the crash, but benefits would be standardised and paid as structured periodic payments rather than lump sums.

Significant opposition remains. The legal fraternity argues that the no-fault model strips innocent victims of their common law rights and restricts access to compensation, while capped structured benefits and state-prescribed medical tariffs risk leaving seriously injured people inadequately covered.

Financial sector reforms

Synthetic Financial Centre

A new reform added to the BLSA tracker in Q2, the development of the Synthetic Financial Centre (SFC) is one of the more strategically important additions to the financial sector reform agenda because it speaks directly to South Africa's declining competitiveness as a location for international financial activity.

> Johannesburg and Cape Town have slipped to 94th and 92nd globally in the Global Financial Centres Index, while Mauritius, Casablanca and Kigali have risen to 52nd, 56th and 65th by implementing coordinated international financial centre strategies.

Through the SFC, investment institutions will be able to operate funds and management companies in foreign currencies within South Africa's borders. This opens the way to bring back the asset management activity currently happening in offshore centres. Fund managers will be able to manage global portfolios in currencies other than rand, able to charge fees on those portfolios in other currencies and report to clients in other currencies. This is a big stride towards matching the environments that fund managers experience in global centres.

The SFC initiative was launched by Operation Phumelela*, which is South Africa's Financial Sector Competitiveness Taskforce established in 2024 to enhance the country's position as a leading international financial centre and gateway for investment into Africa.

The February 2026 Budget endorsed the reform, with National Treasury's Annexure E stating that the SFC will enable two core activities: the management of portfolios of foreign assets and the trading of non rand financial instruments from within South Africa.

The centre is "synthetic" in that it will not be a physical location but will be defined in terms of a category of institutions within the exchange control framework.

There is clear momentum behind the initiative and the Budget formalised the reform, but the SFC is not yet operational. The SARB had initially indicated that a standalone draft SFC directive would be published by end May 2026, but this has been postponed. For now, the SFC should be treated as a high value reform that is firmly on the agenda and conceptually well advanced but not yet delivering market impact.

For asset managers, custodians, exchanges, administrators and professional services firms, the SFC offers the prospect of recapturing high value cross border investment activity that has migrated to offshore jurisdictions. For South Africa more broadly, it offers a route to deepen services exports, strengthen capital market capabilities and reinforce the country's role as a gateway for investment into Africa.

**Operation Phumelela is convened by Krutham, which also manages the BLSA Tracker.*

> FATF reforms: focus shifts to outcomes

Following South Africa's exit from the grey list, the financial-sector reform agenda is now focused on bedding down the frameworks, systems and processes approved by the Financial Action Task Force. With the legislative and institutional scaffolding in place, the priority is execution quality, supervisory consistency and visible gains in competition, inclusion and resilience.

The strongest areas remain the core stability and market-infrastructure reforms. Deposit insurance, enabled through the Corporation for Deposit Insurance, is operational, the framework for the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) is established and the architecture for emergency liquidity assistance and resolution liquidity is increasingly embedded in the prudential and resolution toolkit. The transition from JIBAR to ZARONIA as the benchmark for rand-denominated overnight funding has also moved closer to market normality, with fallback methodologies, retail-transition guidance and infrastructure readiness now much clearer than they were even a few quarters ago.

These reforms reduce policy uncertainty around stress events, benchmark changes and balance sheet shocks. For banks, investors and ratings-sensitive stakeholders, that is a meaningful gain in institutional credibility.

> The second area of steady improvement is the conduct, savings and inclusion agenda, although progress here is necessarily less linear.

The two-pot retirement system has moved from implementation to bedding down, while government has given a clearer institutional shape to a problem that has lingered for years – the issue of tackling more than R88bn in unclaimed financial assets and benefits. During his 2026 Budget speech, Finance Minister Enoch Godongwana said that, following recommendations from the Financial Sector Conduct Authority, National Treasury would create a central administrator responsible for record-keeping and tracing.

At the same time, payments reform continues to inch forward through the live PayShap environment and the push towards the National Payments Utility and activity-based licensing. Those changes are important because they create the conditions for cheaper digital payments, better preservation outcomes and more effective customer protection.

But they are also the kind of reforms where the policy win comes first and the user benefits only later, once firms adjust products, pricing and systems. That helps explain why some reforms still feel stuck even when they are not formally stalled. The National Financial Ombud Scheme remains the clearest example: the strategic logic is obvious, but merging multiple ombud offices into a single redress system is administratively difficult and politically sensitive. The same is true of tokenisation and some SME-access reforms, where regulators are moving cautiously and industry adoption is still uneven.

More broadly, the market-conduct agenda is gathering momentum, but the Conduct of Financial Institutions Bill (COFI), approved by Cabinet and tabled in Parliament in April, needs to work its way through parliamentary approval processes before enactment. The practical implications for licensing, supervision and customer-outcome regulation will only become clearer as the parliamentary process unfolds.

> The implication for stakeholders is that the financial sector now has fewer excuses. The easier phase of reform was to publish standards, establish institutions and signal intent.

The harder phase is to show that the system works better: that supervision is genuinely risk-based, that customers experience fairer outcomes, that SMEs can access cheaper payment rails and that markets price South African financial risk with greater confidence because the rules are clearer and more credible. In that sense, the sector still compares well with most of the broader reform programme; it remains one of the more coherent and institutionally capable reform clusters. But it is also approaching the point where progress needs to be judged by evidence of effectiveness.

FATF reforms: the next assessment

South Africa's exit from the FATF grey list remains a substantial achievement, and the earlier judgment that the remediation programme had been completed still stands. The legislative deficiencies that drove grey listing were addressed, institutional responsibilities were clarified and the formal action plan was closed out. The problem now sits elsewhere.

The next mutual evaluation will examine a far wider span of the anti money laundering, counter terrorist financing and counter proliferation financing system, and it will do so over a multi year period. That shifts the focus from whether the country corrected identified weaknesses under deadline pressure to whether the system has developed enough depth, consistency and credibility to withstand a more searching test.

> This is where the real vulnerability lies. South Africa has often proved more capable of producing laws, frameworks and institutional design than of sustaining effective implementation.

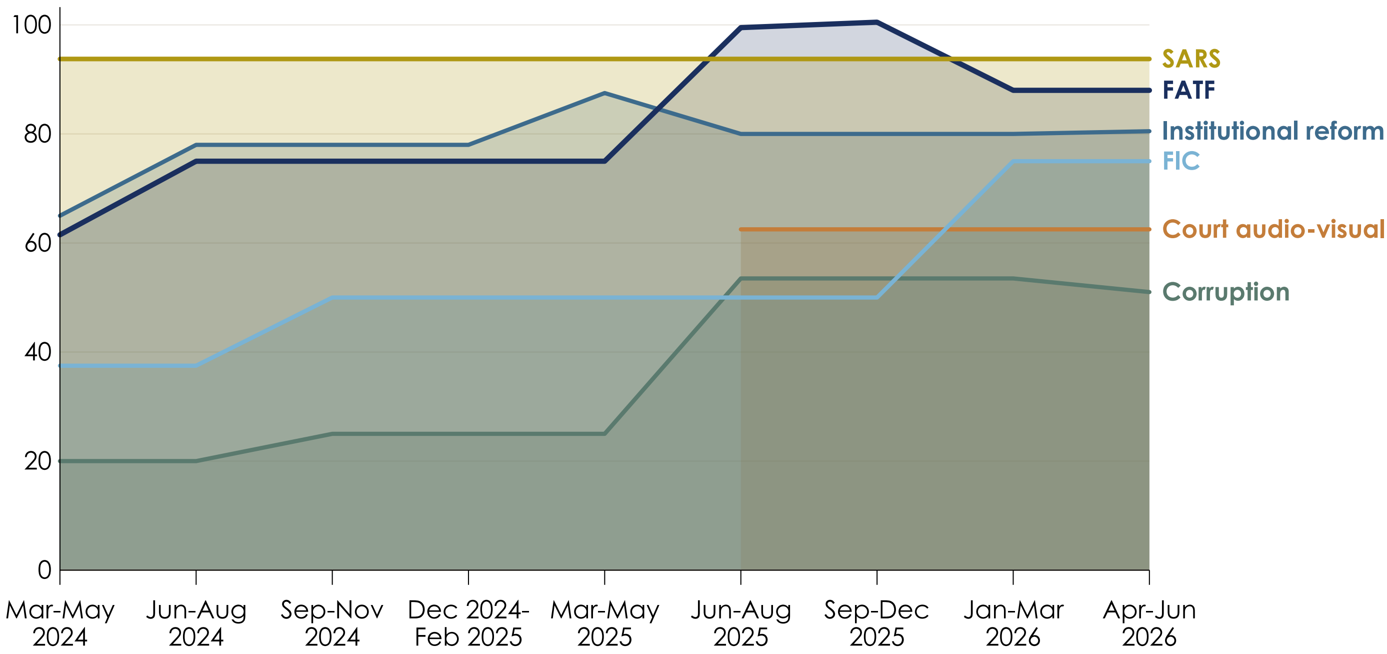
The grey list process allowed the country to target a defined set of deficiencies and close them with urgency. A mutual evaluation is less forgiving. It looks for a durable record of risk based supervision, reliable beneficial ownership information, meaningful sanctions, serious investigations, prosecutions, confiscations and effective disruption of illicit financial activity. Those are cumulative outcomes. They depend on years of operational performance across regulators, law enforcement agencies and the courts. Because the evaluation window reaches back into a period when many of these institutions were still recovering from prolonged weakening, the strength of the new framework will be judged against an uneven underlying record.

The implication is that recent progress, while important, does not settle the question the FATF will eventually ask. A stronger final stretch can improve the picture, but it cannot fully offset years of thin enforcement, limited prosecutorial depth and inconsistent supervisory follow-through. Banks and other accountable institutions now need to show that transaction monitoring, customer due diligence, escalation, reporting and sanctions controls are not only in place but are producing intelligence of sufficient quality to support investigations and enforcement. For regulators and prosecuting authorities, the burden is heavier still. They need to demonstrate that powers are being used consistently, that institutional coordination produces results, and that the country can point to a visible body of outcomes rather than a well-constructed architecture resting on too little evidence.

This is therefore a more demanding phase of the FATF story than the one South Africa has just come through. Grey-list exit restored a measure of credibility and bought the country time. It did not remove the underlying test. The period to the next evaluation will determine whether South Africa's anti-money-laundering and counter-terrorist-financing AML/CFT regime is seen as one that improved quickly under external pressure or one that has genuinely rebuilt state capability after a long period of erosion. That is the important distinction.

Criminal justice reforms

Criminal justice reform completion index

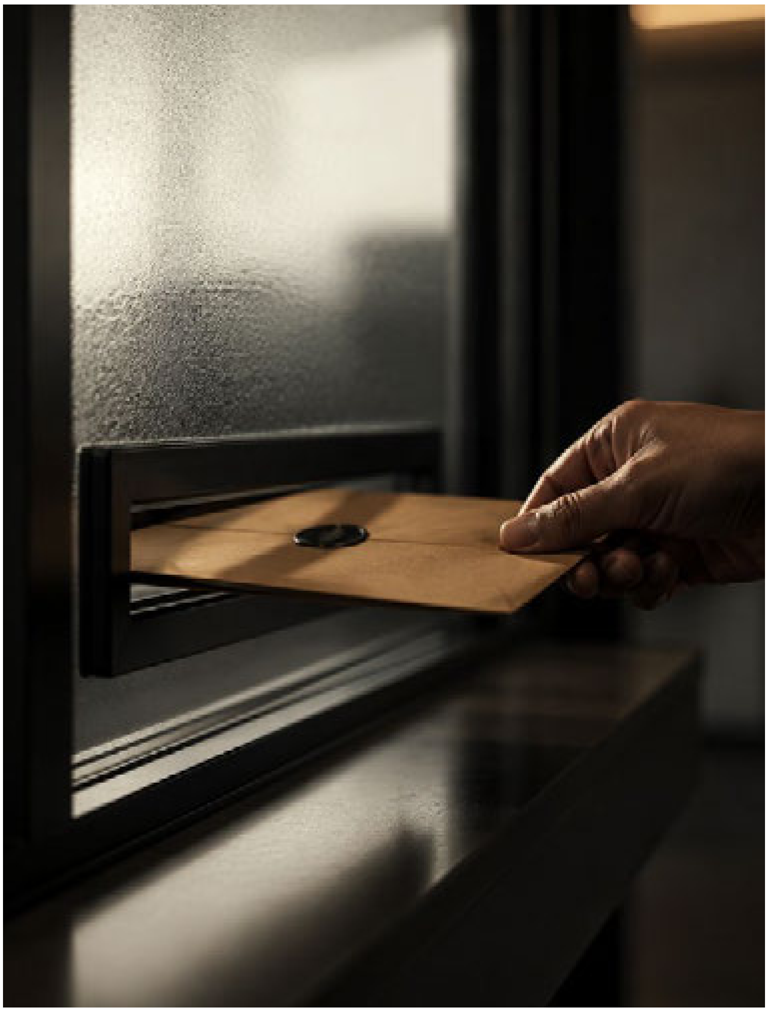


Enhanced whistleblowing protection

The Department of Justice and Constitutional Development has made some progress towards improving whistleblower protection. In April, it published the draft Protected Disclosures Bill for which public comments closed on 14 May.

The bill attracted significant public interest, with interested organisations requesting the minister of justice and constitutional development to extend the window for public comments. The minister declined these requests, stating that the bill needs to be finalised expeditiously to close the existing gap in the legal framework. But the public will have a further opportunity to provide input to the bill through the parliamentary process.

The department is currently reviewing public input before introducing the bill to Parliament. Among other things, the bill criminalises retaliation against whistleblowers, including dismissals, expands the definition of employees to include volunteers, trainees and previous workers, extends protection to whistleblowers' family members and introduces an electronic central database and a complaints mechanism overseen by a designated retired judge. This is an important and long-awaited piece of legislative change, flowing directly from the Zondo recommendations.



Extradition Bill

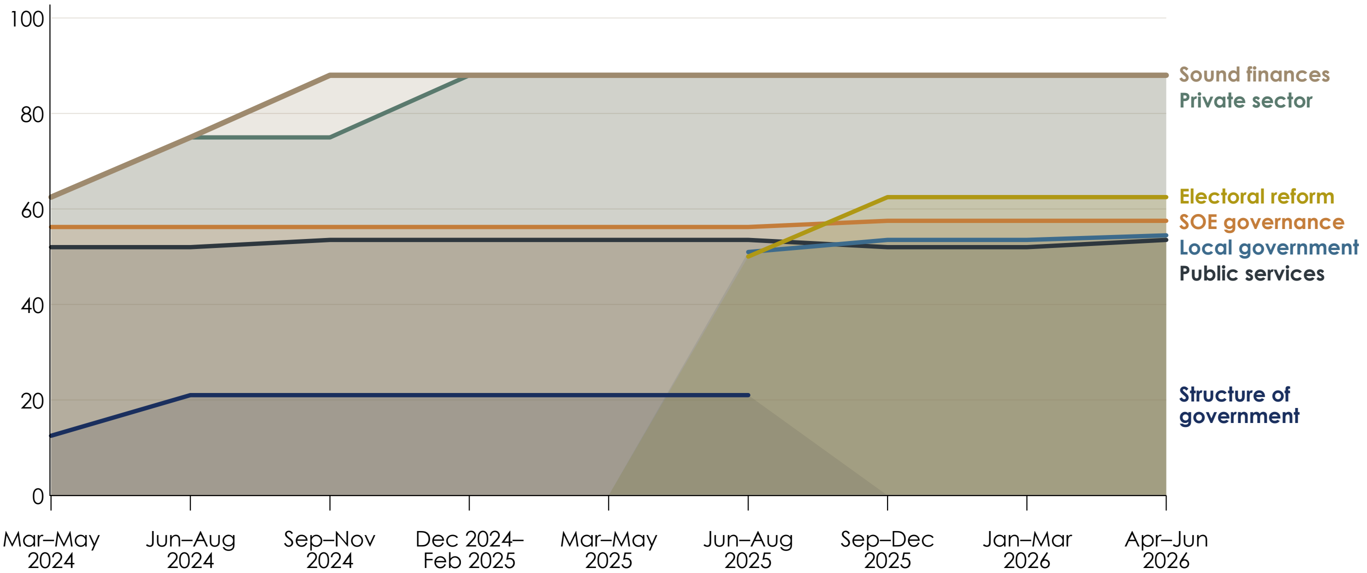
The minister of justice and constitutional development introduced the Extradition Bill to Parliament on 19 May 2026. Among its aims is to clarify the role of magistrates and the minister in extradition processes, and provide mechanisms for the arrest and surrender of persons sought by international entities such as the International Criminal Court, which has jurisdiction over crimes such as genocide, war crimes and crimes against humanity.

The overarching aim of this bill is to repeal the outdated Extradition Act (1962) to ensure South Africa's legislative underpinnings of the extradition process are aligned with modern international practices.

> Its introduction to Parliament is therefore an important development in South Africa's broader fight against crime.

Governance reforms

Governance reform completion index



White Paper on local government

The Department of Cooperative Governance and Traditional Affairs (Cogta) gazetted the draft revised White Paper on Local Government in May 2026 for public comment. This updates the 1998 version and signals a major structural shift in South Africa's municipal system. Stakeholder input will be incorporated into the final white paper, which is expected to be published in July or August.

The white paper is a key plank of Operation Vulindlela, though Cogta manages it under Operation Vulindlela's oversight. The draft is a solid and decent plan. The issues are the implementation timelines, institutional capacity (including a constitutional amendment) and cost. For instance, with municipal elections scheduled for November, it is unlikely that some key proposals in the draft – such as measures to stabilise coalition governments – will be implemented before the vote. There is also concern that the loss of political control that enabled rent extraction in municipalities – especially over infrastructure, and how procurement powers in some areas can shift as municipality classifications change with competence – will be fiercely resisted.

> The white paper's biggest departure from the 1998 system is to scrap the two-tier district/local model for a single tier, with an expanded menu of categories matched to each municipality's capacity.

High-performing cities could absorb functions now held by national and provincial government; weaker municipalities could lose powers upwards. The full end-state needs a constitutional amendment, but a transitional version – expanding Category A to urbanised municipalities and scrapping directly elected district councillors – needs only ordinary legislation.

It also proposes a permanent national policy coordination centre, a binding powers-and-functions map, a single inter-sphere calendar and binding cooperative governance protocols – replacing voluntary, forum-based coordination with enforceable commitments and real consequences for non-performance.

On governance, it calls for mandatory lifestyle audits for office-bearers, performance contracts for mayors and mayoral committees, minimum competencies for council leadership, and a new statutory municipal management association with entry standards and disciplinary powers. Municipal manager contracts would run seven to 10 years, decoupled from the electoral cycle, with "loss of political confidence" excluded as grounds for dismissal.

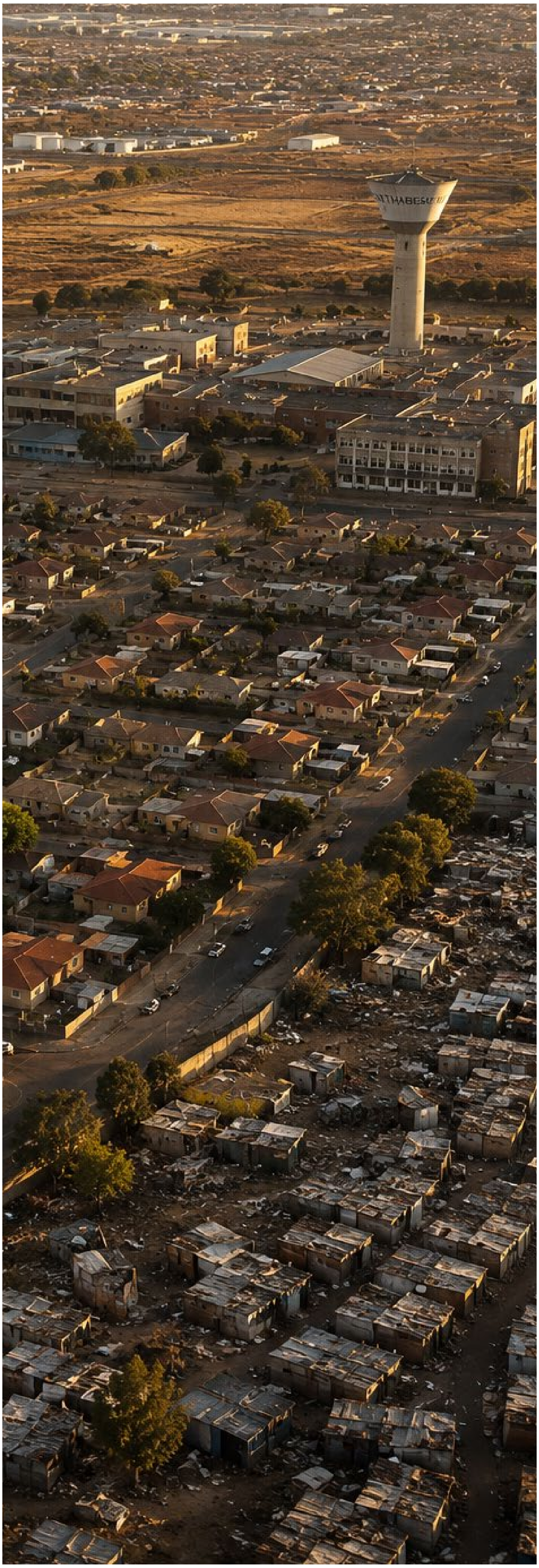
On finance, it flags the erosion of municipalities' own revenues and proposes origin-based VAT sharing to replace the declining fuel levy. Most self-aware is the proposal for a time-limited, independent transition management body – an acknowledgement that South Africa's problem is not a shortage of policy but a chronic inability to implement it.

On infrastructure, the white paper notes that R755bn in capital grants since 1999 delivered major access gains but created a maintenance crisis – a 2023 SALGA analysis found 60% of capital budgets should now go to asset renewal. Other key proposals:

- Simplify Section 78 to make external operators, management contracts, PPPs and shared-service arrangements workable, with minimum contract periods to reduce churn.
- Ringfence trading services as professionalised enterprises with cost-reflective, independently regulated tariffs to unlock private capital.
- Make the District Development Model a binding, municipal-led spatial compact with sequenced pipelines and named budgets.
- Introduce one-window approvals for land-use, environmental and engineering permits.
- Enable below-market release of well-located public land.
- Reframe municipalities' economic role around service reliability, approval turnaround and supplier payment discipline.
- Make climate-risk screening enforceable in infrastructure investment, treating ecological infrastructure as a core municipal asset.

Public Service Amendment Act

Signed into law in early April 2026, this legislation aims to promote integrity and professionalism in the public sector. It devolves administrative powers from executive authorities to heads of departments (HoDs), empowering HoDs to perform administrative acts and manage human resources more independently within their departments. This includes providing the HoD with the authority to appoint or dismiss persons in a department. It also provides the executive authority with powers to intervene if the HoD fails or refuses to fulfil a power or duty as required by the act. The legislation also establishes a director-general post in the Presidency with the role of improving coordination and accountability across government departments.



** This version was posted at 16h00 on 23 July, with some adjustments from the original version*

Appendix

Analysis and research process

This report covers a three-month period, April to June 2026.

Three overall reform categories, criminal justice, governance and economic, are broken down into individual reforms. These have been identified from many policy pronouncements by empowered officials. Each reform proposal is logged and then updated with any developments as they happen, with an overall check every quarter.

Progress is tracked through four phases

The Tracker monitors progress on each policy deliverable in four distinct phases:

Our team analyses the progress of each deliverable through these four phases and assesses whether the goals have been achieved. The goals serve as the threshold for completion of the deliverable. The team interrogates progress on the deliverable across the four phases, assessing public announcements and speaking to key stakeholders from policymakers to business to understand where reforms have got to and what may be holding up further progress. Each reform deliverable is assessed once per quarter, though it can be updated more regularly if specific new information is made public.

The assessment is provided at a granular level for each deliverable. Deliverables are categorised in reform areas, which are major reform themes within each of the three top-level reform categories: criminal justice, governance and economic.

Is it on the agenda?

When a policy proposal is first mooted it takes time to make its way onto the agenda of government for implementation. The agenda is set through key policy pronouncements in the state of the nation addresses, the national budget and the departmental plans of government.

Are there plans in place?

A policy can be put on the agenda, but there then needs to be a clear plan drawn up for implementing it. This will set out what is being done to ensure the policy is turned into reality, including research and consultation and action plans for different government actors. Such plans can include white papers, Operation Vulindlela plans, reform roadmaps, etc.

What government actions have there been?

This is where implementation is key – are the plans being put into action? This can include new laws being tabled, regulations being amended, new institutions established or others restructured, people hired, new systems developed and launched, all to ensure the plans are made a reality.

Does it work?

This is an assessment of substantive efficacy, whether South Africans are truly benefiting as intended by the policy change.

Colour indicators

The online Tracker shows colour heat maps at reform area level as well as at the level of each deliverable. These reflect the extent to which the reform is "on track".

The reform or deliverable is on track, making reasonable progress in line with the planned timeline.

The reform or deliverable is progressing but inconsistently or is behind schedule.

Major delays or obstacles are holding the reform or deliverable back. Without urgent action, it risks stalling or being abandoned.

The reform or deliverable has been halted and is no longer being tracked. This might be because it has been superseded or because there is no longer political commitment.

How the scoring works

The four phases are shown in the analysis of each reform deliverable in the Tracker. A brief update is given under each phase with a traffic light colour signal showing how far that phase has gone, from green to amber to red, depending on whether the phase is complete, in progress, or stalled.

Separately an "on track" score is determined for each reform deliverable. Every deliverable starts out as incomplete, and then follows a process toward finally delivering the changed environment. We assess this separately to the phase analysis, assessing whether the reform process is following the timetable set out as part of the goals and plans for the reforms. We similarly score that from green to amber to red depending on whether the reform is progressing as expected, is progressing but not on schedule, or is facing major blockages and at risk of stalling. This view is shown in the rev counter for each of the deliverables:

Some deliverables are no longer tracked and these can be seen on the heatmaps with the symbols showing a tick ✓ for those that are completed and no longer tracked, or a ⏸ sign for those that are halted, either because the reforms are no longer appropriate given the changing environment or superseded by other reforms, or because the political will to implement the reforms has been lost for other reasons. Most reforms, however, are in progress, indicated by the symbol.

To enable higher level assessment and easier navigation, reform deliverables are grouped into one or more reform areas, being a group of deliverables that together are intended to achieve a broader goal such as "stable electricity". That may have a set of further reform areas such as "higher energy availability factor" or "pathway to electricity markets", before you get a set of deliverables within those reform areas. The Tracker provides an aggregated view of progress for each reform area which is colour coded in the heat maps when seen at a reform area level (the image below shows the general structure of top categories, reform areas and deliverables).

Quarterly updates

Each reform window on the BLSA Tracker website reflects a "last updated" date; this reflects the date on which the analyst checked for progress. Similarly, the "next update due" date reflects when the analyst will next check for any progress if none has been announced up to that point.

Reform momentum indicator (RMI)

The reform momentum indicator (RMI) is a composite measure designed to track, quantify and compare the progress, over successive quarters, of reforms across the three broad categories: economic, governance and criminal justice. The data feeding into the RMI is drawn from a detailed assessment of reform progress in each sub-reform area, such as electricity, freight logistics, financial sector reforms (under economic); SOE governance reform and public services (under governance); and institutional reform or judicial system changes (under criminal justice).

For each reporting period, progress is assessed and scored in four phases: agenda, plan, actions, effectiveness. This results in an index that reflects the overall phase position of all reforms. For example, a reading of 50 implies that, on average, the reforms have completed the first two of the four phases. The RMI assesses the aggregate rate of change of all the individual reform areas in any one quarter. For example, a 5% reading indicates that in aggregate all reform areas in that category moved forward by five percentage points on a pathway to 100% complete. The index incorporates reforms that enter the Tracker and exit the Tracker over time.

Each sub-reform area's score is assessed at least once a quarter. Only like-for-like comparisons are made, so new reforms that are introduced in one quarter are only incorporated into the RMI in the subsequent quarter.

Economic reforms carry the largest weight in the composite index at 75.0%, criminal justice accounts for 10.6% and governance represents 14.4%. These weighted reform scores combine to produce the overall phase scores for both the main reform areas as well as for the sub-reform areas. The graph plots the overall RMI and the top categories, reflecting the quarter-on-quarter growth in the overall index.

The RMI chart plots the change in momentum across the main reform areas, revealing acceleration phases (September-November 2024) and slowdowns (December 2024-February 2025), which can indicate either bottlenecks or consolidation periods in implementation.

The RMI provides a view of the trajectory of reform progress. The phased-growth patterns evident in the graphs highlight that reform implementation often progresses in bursts, influenced by policy cycles, political will and overcoming operational bottlenecks.

The RMI's methodology ensures that the headline number is not just a static performance rating but a living measure of reform vitality, helping stakeholders understand both the depth and the direction of change. This representation empowers policymakers and stakeholders alike with both the "what" (the degree of progress) and the "how" (the actuality and sustainability of reform momentum). Such analysis provides clarity in areas where further action is needed and where sustainable gains have been made.

How we calculate the rebased progress index

The problem

Each quarter, we track a set of reform deliverables and score each one on how close it is to completion (0-100%). To understand whether reform progress is improving, we need to compare average scores from one quarter to the next. But the list of deliverables isn't static. New reforms get added over time – for example, 160 deliverables were tracked from March 2024 to May 2025, but by June 2025 the list had grown to 238.

New deliverables typically start with lower scores because they're earlier in their lifecycle.

If we simply averaged all deliverables each quarter, the overall score would drop whenever new items were added – not because progress stalled, but because we changed what we were measuring. This makes it impossible to tell real progress apart from changes in scope.

Solution

We use a technique called chain-linking (the same method used in retail same-store-sales analysis and inflation indices). The principle is simple: When comparing one quarter to the next, only count deliverables that existed in both quarters. Here's how it works step by step:

1. Start with Quarter 1. Take the average score of all deliverables present – this becomes our baseline (eg, 56.4%).
2. Move to Quarter 2. Identify the deliverables that exist in both Q1 and Q2 (the "common set"). Calculate the average score of this common set in Q1 and again in Q2. The ratio between them tells us the true rate of progress – unaffected by any additions or removals.
3. Update the index. Multiply the previous quarter's index value by that ratio to get the new value.
4. Repeat for each subsequent quarter.

A worked example

Method	Q1	Q2	Interpretation
Simple average (all deliverables)	50%	46.90%	Looks like regression
Chain-linked (common set only)	50%	55%	Shows real progress

The simple average is dragged down by the new low-scoring items. The chain-linked index correctly shows that existing reforms advanced by 10%.

What the numbers mean

Each value in the index represents relative progress from the starting period. The base quarter (Mar-May 2024) is anchored at the actual average completion score of deliverables present at that time. Subsequent values show how much progress has been made on a like-for-like basis relative to that starting point.

Because the index is chain-linked from the base period average, it can exceed 100 as reforms advance. A value above 100 does not mean all reforms are complete – it means the like-for-like average has risen above the base period level. The index should be read as a measure of relative progress over time, not as a percentage toward completion.

Where this is applied

The index is calculated at three levels of the reform hierarchy:

- Reform type (economic, criminal justice, governance)
- Reform area (eg, electricity, freight logistics, FATF)
- Individual reform (eg, pathway to electricity markets, transmission reform)

At every level, the same like-for-like principle applies: each quarter's change reflects only genuine progress among items that were measured in both periods.

Disclaimer

BLSA Tracker project team

The Tracker engine was developed by Krutham directors **Peter Attard Montalto** and **Stuart Theobald**. Individual Krutham analysts update each reform category:

Lameez Hyman: energy, water and JET-related reforms.

Thabani Madlala: OV phase one and phase two reforms; governance structures and professionalisation of the public service; criminal justice reforms including NPA, IPID governance structures.

Nduduzo Langa: public service governance, office holder propriety, electoral reform, improved education outcomes and skills, institutional reform, legislative developments, SARS upgrades and Zondo recommendations.

Tinashe Kambadza: financial sector reforms and all FATF processes for grey list removal.

Cecilia Schultz: OV2 reforms including freight logistics, passenger rail, deeds office reform, housing and spatial planning.

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